

February 26, 2018

U.S. Postal Regulatory Commission
901 New York Avenue NW, Suite 2000
Washington, DC 20268-0001

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POSTAL REGULATORY
COMMISSION
OFFICE OF THE SECRETARY

RE: 10-Year Regulatory Review – Case Number RM2017-3

Dear Commissioners,

As a representative of Combined Resources and a member of the mailing industry whose livelihood depends on a viable postal system, I am writing to convey my strong opposition to the changes you have proposed as a result of your 10-year review of the system for regulating rates. Last year, our company accounted for all the recyclable material that will be reduced and a reduction in scope resulting in reduced revenue.

By the Postal Regulatory Commission's (PRC) conservative estimates, this proposal would increase the postage costs of mail by perhaps more than 27% for letters and more than 40% for some flats over a five-year period. As we talk with our customers, who use the mail for a wide range of communication and commercial purposes, these proposed increases are already pushing them to consider how to reduce mail volume by improved targeting and accelerating their migration to digital channels and in some cases, alternate delivery method. By increasing the cost to mail will result in less volume of waste that will not be recycled.

It's more important now than ever that the PRC understands the transformation the mailing industry has undergone. Under the CPI cap and in response to exigent price increases, rate increases by the Postal Service have been partially offset by strategic investments to support increasingly complex mail preparation requirements to qualify for the most preferred postage rates through incentive programs like commingling, co palletization, and co mailing. Mail service providers, and logistics and transportation companies have made prudent capital investments to reduce costs, improve workflow, and increase throughput efficiencies. Substantial volume declines such as would result from proposed regulatory changes negate the return from any further such investments.

Rather than ask the Postal Service to achieve similar productivity improvements, the PRC's proposal provides the Postal Service excessively broad pricing flexibility at a time when tight margins and greater uncertainty regarding postage rates risk destabilizing the mail system and encourage users of the mail to flee. For these reasons, I urge you to reconsider your decision to permit the draconian rate increases that would inevitably result from your proposal. I respectfully suggest that a more appropriate focus is on improved understanding and management of the costs within the Postal Service. As a business, we must aggressively manage our costs and provide high quality services to survive. Your proposal absolves the Postal Service of the need to meet similar standards by simply allowing them to increase prices to cover their costs. .

Regards,

Wayne Arendt

Combined Resources